

PRESS RELEASE

## **OUE H-Trust reports DPS of 1.28 cents for 3Q2018**

- ***Crowne Plaza Changi Airport continues to demonstrate progressive improvements with 6.3% y-o-y increase in RevPAR to S\$187***
- ***Achieved high occupancy of 97% at Mandarin Gallery***
- ***Benefit from interest savings with interest rates locked in following complete refinancing in end-2017***

**Singapore – 7 November 2018** - OUE Hospitality Trust (OUE H-Trust), a stapled group comprising OUE Hospitality Real Estate Investment Trust (OUE H-REIT) and OUE Hospitality Business Trust (OUE H-BT), reported gross revenue and NPI of S\$33.2 million and S\$29.1 million respectively for the period of 1 July to 30 September 2018 (3Q2018). Distributable income (DI) was S\$23.3 million, translating to a distribution per stapled security (DPS) of 1.28 cents. The DPS was lower compared with the 1.36 cents in 3Q2017 as OUE H-Trust no longer receives income support<sup>1</sup> for CPCA, partially mitigated by lower interest expense. Stapled Securityholders can expect to receive their DPS on 6 December 2018. Book closure date is on 15 November 2018.

For the period 1 January to 30 September 2018 (YTD2018), OUE H-Trust achieved gross revenue and net property income of S\$96.7 million and S\$83.8 million respectively. Distributable income was \$67.5 million and DPS was 3.71 cents.

Mr. Lee Yi Shyan, Chairman of OUE Hospitality REIT Management Pte. Ltd., the manager of OUE H-REIT (the REIT Manager), said: "We continue to focus on driving operational excellence across our properties to strengthen their competitiveness, as we navigate uncertainties in the macro-economic environment. We remain committed to delivering sustainable value for our Stapled Securityholders as we optimise asset performance and pursue growth opportunities from our Sponsor and third-parties."

Mr. Chen Yi-Chung Isaac, Acting CEO of the REIT Manager, said: "We are pleased that OUE H-Trust's hospitality portfolio revenue per available room (RevPAR) rose 3.5% to S\$209 in YTD2018 compared to YTD2017. For 3Q2018, the portfolio RevPAR declined marginally by 0.9% to S\$217, due to lower average room rates as the operating environment remains competitive."

Mr Chen added: "Crowne Plaza Changi Airport (CPCA) continues to demonstrate progressive improvement in its operating performance. The hotel achieved RevPAR of S\$187 in 3Q2018, an increase of 6.3% compared to 3Q2017. For YTD2018, Its

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<sup>1</sup> Income support provided by OUE Airport Hotel Pte. Ltd. (OUEAH) pursuant to the Deed of Income Support. OUE H-REIT had fully drawn down the entire income support of \$7.5 million as at 3Q2017.

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RevPAR increased 9.1% over the previous corresponding period. While minimum rent was received as CPCA continued to ramp up its operations, we believe CPCA's performance will maintain its positive trend."

Mr. Chen continued: "The committed occupancy of Mandarin Gallery as at 30 September 2018 has improved to 96.8% from 94.7% a year ago. However, revenue and NPI from the retail segment were slightly lower due to a lower effective rent of S\$22.7 psf/mth in 3Q2018 compared to S\$22.9 psf/mth in 3Q2017. We continue to work closely with our tenants to curate a differentiated offering at the mall, as we balance between maintaining a high occupancy and driving the performance of the asset."

"Following a complete refinancing in end-2017, the REIT continues to benefit from low interest rates locked in. A prudent capital management approach will be maintained in a rising interest rate environment with 71% of our debt on fixed rates."

### Summary of Results

(S\$ mil)	3Q2018	3Q2017	Variance (%)	YTD2018	YTD2017	Variance (%)
Gross Revenue	33.2	34.0	(2.2)	96.7	97.3	(0.6)
Net Property Income	29.1	29.5	(1.4)	83.8	83.5	0.4
Other Income	-	1.6	n.m.	-	4.8	n.m.
Distributable Income	23.3	24.7	(5.4)	67.5	70.0	(3.5)
DPS (cents)	1.28	1.36	(5.9)	3.71	3.87	(4.1)

### Distribution Details

Distribution Period	1 July 2018 to 30 September 2018
Distribution Rate	1.28 cents per Stapled Security
Ex-Distribution Date	13 November 2018, 9.00 am
Book Closure Date	15 November 2018
Distribution Payment Date	6 December 2018

### Outlook

Based on advance estimates, the Singapore economy grew by 2.6% on a year-on-year basis in the third quarter of 2018, moderating from the 4.1% growth in the previous quarter<sup>2</sup>. Expansion was expected to slow in the second half of 2018 amid the higher risks and uncertainties in the global economy<sup>3</sup>.

Singapore's tourism sector continues to register healthy visitor arrivals. For the first eight months of 2018, Singapore Tourism Board ("STB") reported a 7.5% year-on-year increase<sup>4</sup> in international visitor arrivals, while the number of visitor days increased by 5.5% for the same period. STB has announced increased marketing efforts including

<sup>2</sup> Ministry of Trade and Industry Singapore, Singapore's GDP grew by 2.6 Per Cent in the Third Quarter of 2018, 12 October 2018.

<sup>3</sup> Ministry of Trade and Industry Singapore, MTI Maintains 2018 GDP Growth Forecast at "2.5 to 3.5 Per Cent", 13 August 2018.

<sup>4</sup> Singapore Tourism Board, International Visitor Arrivals Statistics, 28 September 2018.

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partnerships to strengthen Singapore's status as a regional cruise hub<sup>5</sup> and further promote the city's food and beverage industry<sup>6</sup>. STB has also announced plans to enhance the city's attractiveness as a tourist destination, including a revamp of the Orchard Road shopping belt with increased activities and innovation<sup>7</sup>.

The hospitality outlook remains positive with the continued growth of tourist arrivals and limited supply of new hotel rooms. Changi Airport's Terminal 1 is undergoing expansion works to increase its capacity while development plans for Changi East and Terminal 5 are on track<sup>8</sup>. Jewel Changi Airport ("Jewel") is expected to open by March 2019<sup>9</sup>. CPCA shall benefit from the enhancement and expansion works at Changi Airport in the long term, as well as the upcoming opening of Jewel which the hotel will be connected to via a pedestrian bridge at Terminal 3.

Retail pipeline supply in Singapore remains limited and demand for prime retail space continues to remain healthy, supported by tight vacancies<sup>10</sup>. However, as challenges remain in the retail environment, we continue to work closely with tenants in curating a differentiated mall offering while optimising the asset's performance.

We will continue to focus on driving the performance of our assets and seeking suitable opportunities from our sponsor and third parties for the growth of the REIT.

### About OUE Hospitality Trust

OUE Hospitality Trust is a stapled group comprising OUE Hospitality Real Estate Investment Trust (OUE H-REIT) and OUE Hospitality Business Trust (OUE H-BT), listed on the Mainboard of Singapore Exchange Securities Trading Limited.

OUE H-REIT was established with the principal investment strategy of investing, directly or indirectly, in a portfolio of income-producing real estate which is used primarily for hospitality and/or hospitality-related purposes, whether wholly or partially, as well as real estate-related assets.

OUE H-REIT's asset portfolio comprising two hotels - the 1,077-room Mandarin Orchard Singapore and the 563-room Crowne Plaza Changi Airport, and a high-end retail mall - Mandarin Gallery, has a portfolio value of approximately S\$2.2 billion as at 31 December 2017.

OUE H-BT is dormant.

OUE H-REIT is managed by OUE Hospitality REIT Management Pte. Ltd., which is wholly-owned by OUE Limited (OUE). OUE H-BT is managed by OUE Hospitality Trust Management Pte. Ltd., which is also wholly-owned by OUE.

For more information, please visit [www.oueht.com](http://www.oueht.com)

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<sup>5</sup> Singapore Tourism Board, Costa Cruises Enters Second Tripartite Partnership With Tourism Board and Changi Airport Group To Grow The Fly, 4 October 2018.

<sup>6</sup> Singapore Tourism Board, STB's Multi-Year Partnership With 50 Best Brand To Spur Industry And Capability Growth & Development for F&B Enterprises, 3 October 2018.

<sup>7</sup> The Business Times, Singapore To Attract More Tourists With Revamped Attractions, Data Analytics, 18 October 2018.

<sup>8</sup> Changi Airport Group, Annual Report FY 2017/18.

<sup>9</sup> The Straits Times, Almost 90% of Jewel Changi Airport's Retail Space Taken Up Ahead of 2019 Launch, 11 October 2018.

<sup>10</sup> CBRE Research, Singapore MarketView, Q3 2018.

### About the Sponsor

QUE Limited (SGX-ST: QUE) is a diversified real estate owner, developer and operator with a real estate portfolio located in prime locations in Asia and United States. QUE consistently grows its business by leveraging its brands and proven expertise in developing and managing landmark assets across the commercial, hospitality, retail and residential sectors. In March 2017, QUE expanded its portfolio into the healthcare sector with the acquisition of QUE Lippo Healthcare Limited (formerly known as International Healthway Corporation Limited), a listed integrated healthcare services and facilities provider. This was followed by the acquisition of Bowsprit Capital Corporation Limited, the manager of First REIT, Singapore's first healthcare real estate investment trust in October 2018. With its core strategy of investing in and enhancing a stable of distinctive properties, QUE is committed to developing a portfolio that has a strong recurrent income base, balanced with development profits, to enhance long-term shareholder value. QUE is the sponsor of QUE Hospitality Trust and QUE Commercial Real Estate Investment Trust.

For more information, please visit [www.que.com.sg](http://www.que.com.sg).

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This press release may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses (including employee wages, benefits and training costs), property expenses and governmental and public policy changes. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the Managers' current view of future events.

Investors should note that they will have no right to request the Managers to redeem or purchase their Stapled Securities for so long as the Stapled Securities are listed on the SGX-ST. It is intended that holders of Stapled Securities may only deal in their Stapled

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